

Message Text

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ACTION SS-30

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EXDIS

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TAGS: ENRG, NL

SUBJECT: PETROLEUM SUPPLIES IN NETHERLANDS

REF: STATE 230506

SUMMARY: MINISTER ECONOMIC AFFAIRS HAS SUPPLIED FOLLOWING INFORMATION ON BASIS OF TEN WEEKS FROM MID-NOVEMBER TO END JANUARY. OFFICIALS HAVE SHOWN NORMAL SUPPLY FIGURES AS WELL AS ACTUAL SUPPLIES EXPECTED DURING TEN-WEEK PERIOD. THEY HAVE AVOIDED VERY DIFFICULT ESTIMATES BEYOND JANUARY BUT HAVE INDICATED THAT IMPORTS OF CRUDE EXPECTED TO DROP 15 PERCENT IN FEBRUARY FROM JANUARY LEVEL. END SUMMARY.

1. NORMAL SUPPLY FOR TEN-WEEK PERIOD WOULD CONSIST OF 14 MILLION METRIC TONS OF CRUDE OIL IMPORTED FOR REFINERY PROCESSING AND 1.8 MILLION TONS OF REFINED PRODUCTS IMPORTED FOR DOMESTIC USE. NORMAL DISTRIBUTION OF REFINED PRODUCTS RESULTING FROM IMPORTED CRUDE WOULD GIVE RISE TO 4.7 MILLION TONS OF PRODUCTS FOR DOMESTIC USE AND 9.3 MILLION TONS OF PRODUCTS FOR EXPORT (NOT COUNTING LOSS IN REFINERY PROCESS). THEREFORE, OF TOTAL NORMAL IMPORTS 4.7 MILLION TONS OF PRODUCTS REFINED LOCALLY PLUS 1.8 MILLION TONS OF IMPORTED PRODUCTS WOULD SUPPLY 6.5 MILLION TONS OF PRODUCTS TO MEET ONLY DOMESTIC DEMAND.

2. ENERGY OFFICIALS ESTIMATE 10.2 MILLION TONS OF CRUDE

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OIL AVAILABLE FOR PROCESSING DURING TEN-WEEK PERIOD, CONSISTING OF 2.4 MILLION TONS DRAWN DOWN FROM EXISTING STOCK AND 7.8 MILLION TONS IMPORTED. IN ADDITION, 1.3 MILLION TONS OF REFINED PRODUCTS WILL BE DRAWN FROM EXISTING STOCKS. DISTRIBUTION

OF THIS SUPPLY WOULD BE AS FOLLOWS, ESTIMATING ONE-THIRD OF
REFINERY PRODUCTS FROM PROCESSING AND EXISTING STOCKS BEING
DEVOTED TO DOMESTIC USE AND TWO-THIRDS TO EXPORT:

DOMESTIC USE:

3.4 MILLION TONS OF PRODUCTS FROM REFINERIES

.4 MILLION TONS OF PRODUCTS FROM STOCKS

.9 MILLION TONS OF PRODUCTS IMPORTED

TOTAL

4.7 MILLION TONS OF REFINED PRODUCTS FOR DOMESTIC USE

EXPORT:

6.8 MILLION TONS OF PRODUCTS FROM REFINERIES

.9 MILLION TONS OF PRODUCTS FROM STOCKS

TOTAL

7.7 MILLION TONS OF REFINED PRODUCTS FOR EXPORT

3. MOEA OFFICIALS REPORT THAT IMPORTS OF CRUDE PETROLEUM
DURING TEN-WEEK PERIOD WILL TREND SHARPLY DOWNWARD. STARTING
FROM NORMAL IMPORTS OF 1.3 MILLION BPD, IMPORTS DURING LAST
TWO WEEKS OF NOVEMBER WILL BE ABOUT 1 MILLION BPD, DECEMBER
IMPORTS ABOUT 670,000 BPD AND JANUARY IMPORTS ABOUT 540,000
BPD. ON BASIS OF 15 PERCENT REDUCTION FROM JANUARY TO
FEBRUARY CITED ABOVE, FEBRUARY IMPORTS OF CRUDE WOULD BE AT
RATE OF 460,000 BPD.

4. COMMENT: WE UNDERSTAND THIS FORECAST IS BASED ON AS MUCH
SUPPLY INFORMATION AS COULD BE GATHERED FROM ALL MAJOR
IMPORTING COMPANIES. WE JUDGE IT TO BE THE MOST REALISTIC
ASSESSMENT AVAILABLE AT THIS TIME. MINISTRY STATES THAT
DRAWDOWNS CITED ABOVE WOULD LEAVE STOCKS OF 2.6 MILLION
METRIC TONS OF CRUDE AND 2.7 MILLION TONS OF REFINED PRODUCTS
AT END JANUARY. END COMMENT.

5. MOEA REQUESTS THAT FOLLOWING NEEDS FOR COAL ALSO BE INCLUDED.
IN 5-MONTH PERIOD DECEMBER THROUGH APRIL, 200,000 TONS OF COAL
COULD BE USED IN SWITCHING ELECTRIC POWER REDUCTION FROM OIL
TO COAL. SUPPLY OF COAL HAS NOT BEEN ARRANGED. HOOGOVENS

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(MAIN STEEL PRODUCER) HAS THREE LONG-TERM CONTRACTS FOR COKING
COAL TOTALING 2.1 MILLION TONS PLUS .4 MILLION TONS UNDER OPTION.
55 PERCENT OF CONTRACTS HAVE BEEN FULFILLED AND MOEA STATES
THAT HOOGOVENS WILL HAVE NO PROBLEM IF REMAINING 45 PERCENT
IS FURNISHED. NO FURTHER DETAILS AVAILABLE AT THIS TIME.
REQUIREMENTS OF GENERAL INDUSTRY NOT KNOWN AS YET.

6. LOOKING BEYOND JANUARY IS EXTREMELY DIFFICULT. IF OAPEC
CUTBACK STABILIZER AT SAY 30 PERCENT, IF EFFECTS OF BOYCOTT
ARE NULLIFIED BY INFRA-EUROPEAN OIL SHARING, AND IF
CONSUMPTION RESTRAINTS IN NETHERLANDS AND CUSTOMER COUNTRIES
CAN HOLD NORMAL DEMAND DOWN TO ABOUT 80 PERCENT (ALL VERY
BIG IFS) WE WOULD JUDGE THAT DUTCH CAN GET THROUGH NEXT 90

DAYS WITHOUT EXTRA SUPPORT FROM OUTSIDE EUROPE. IF ANY
OF THE ASSUMPTIONS (BUT PARTICULARLY FIRST TWO) PROVE
INVALID THEN DUTCH COULD NEED OUTSIDE HELP STARTING IN MARCH.
WE EMPHASIZE THAT THIS IS OFF-THE-CUFF EMBASSY EVALUATION.
DUTCH ARE APPARENTLY NOT PROJECTING THAT FAR AHEAD.
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